

Digital Inclusivity and Affordability

*Case of Malawi: Land Locked and Least
Developed Country*

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Content

1. Overview of Malawi's Digital Economy;
2. Key Challenges;
3. Initiatives been undertaken by GoM;
4. Opportunities and Conclusion

Overview of Malawi's Digital Economy



Key Metrics

20.45

Population (millions)

1,610

GNI per capita (\$PPP)

82

Rural Population (% of total)

84

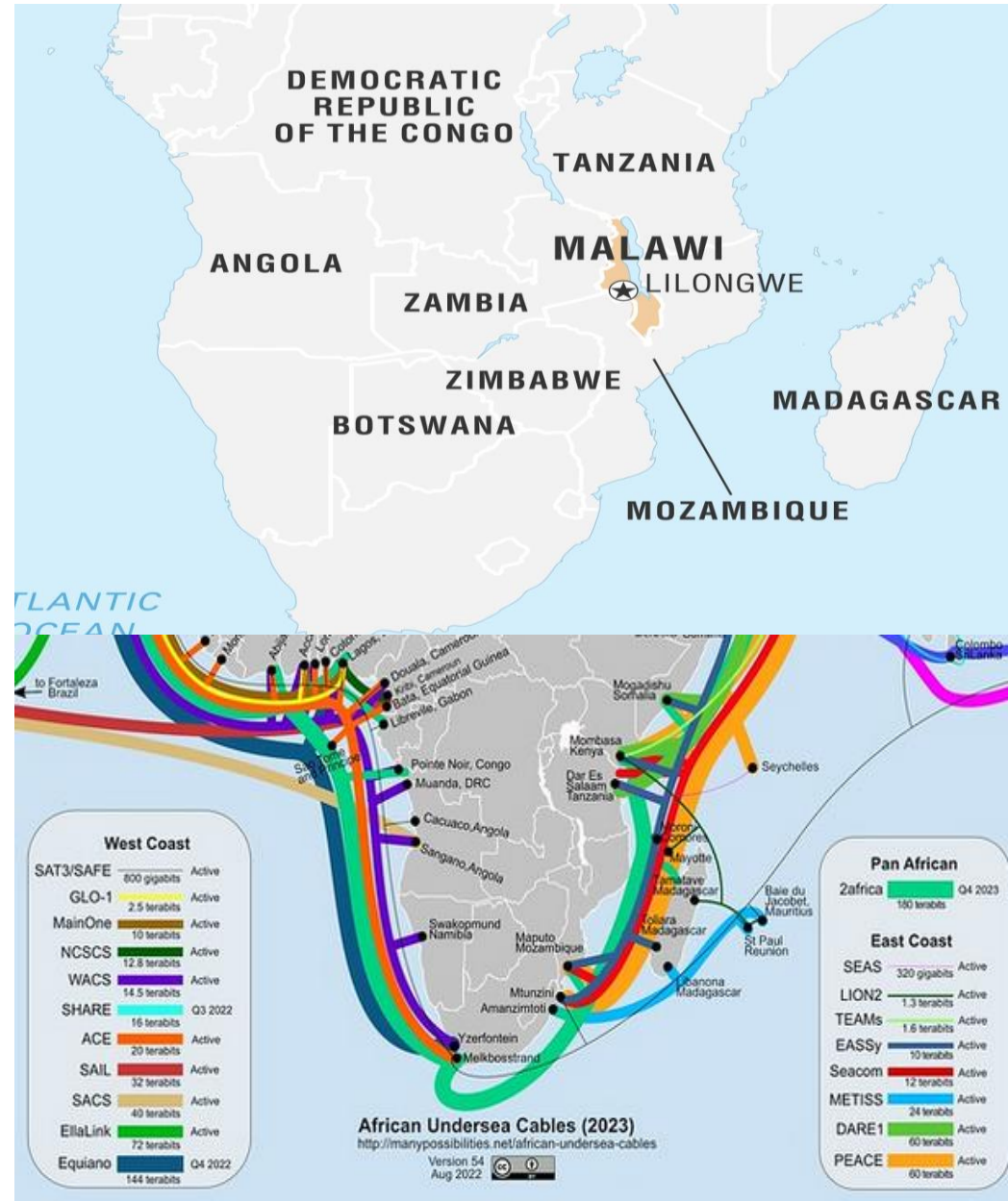
Mobile Broadband Coverage (% of population)

59

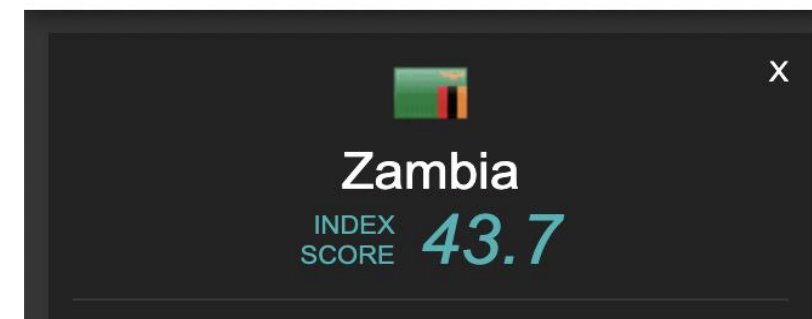
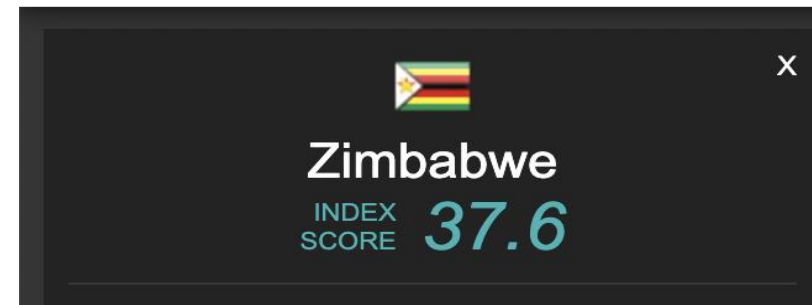
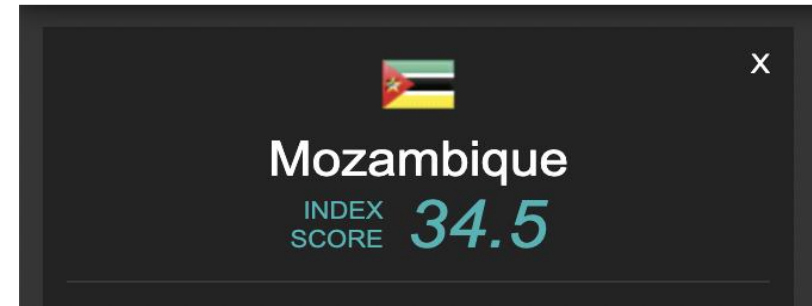
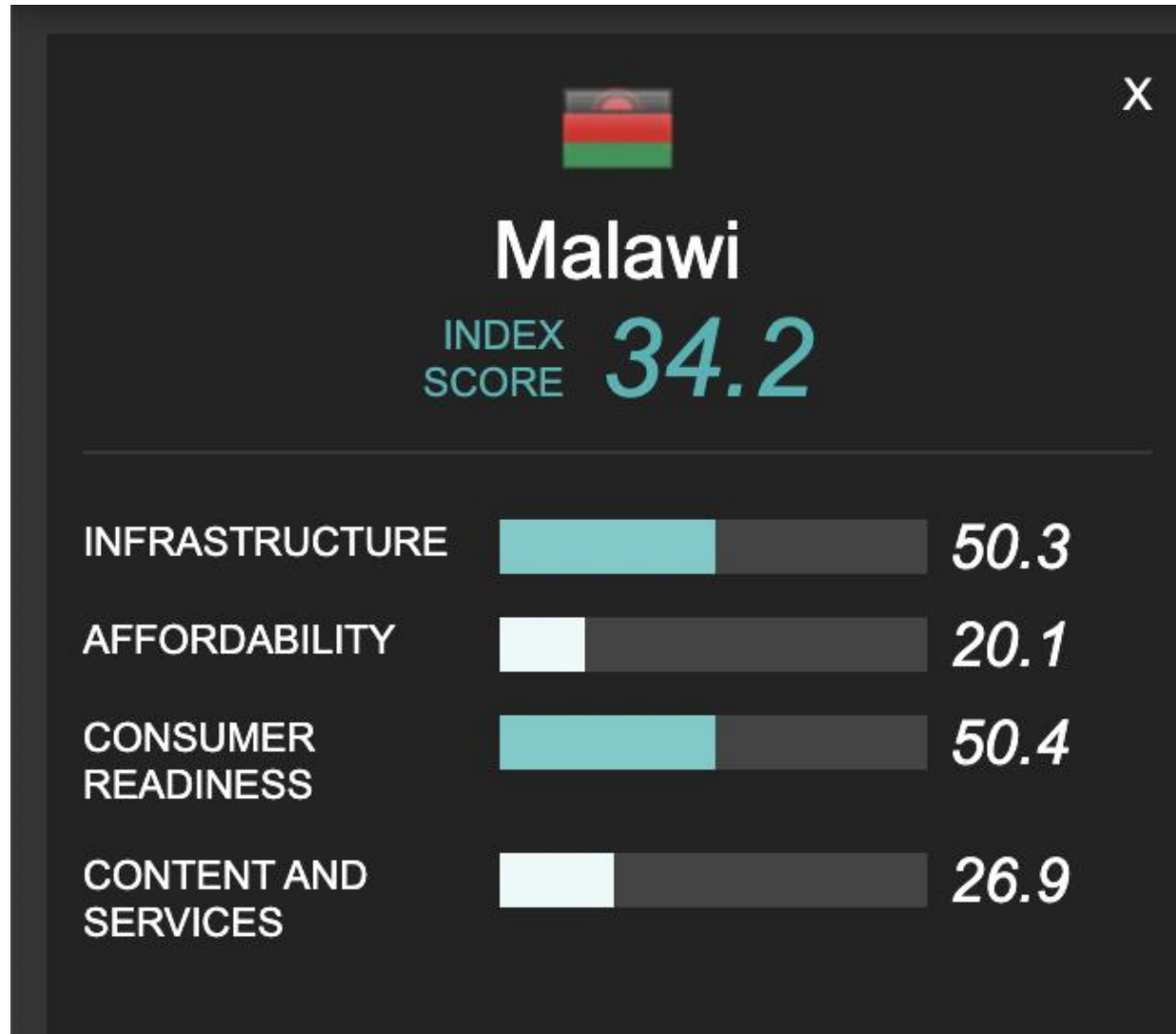
Mobile Connections (% of population)

46

Mobile Broadband Connections (% of population)



Digital Connectivity Index

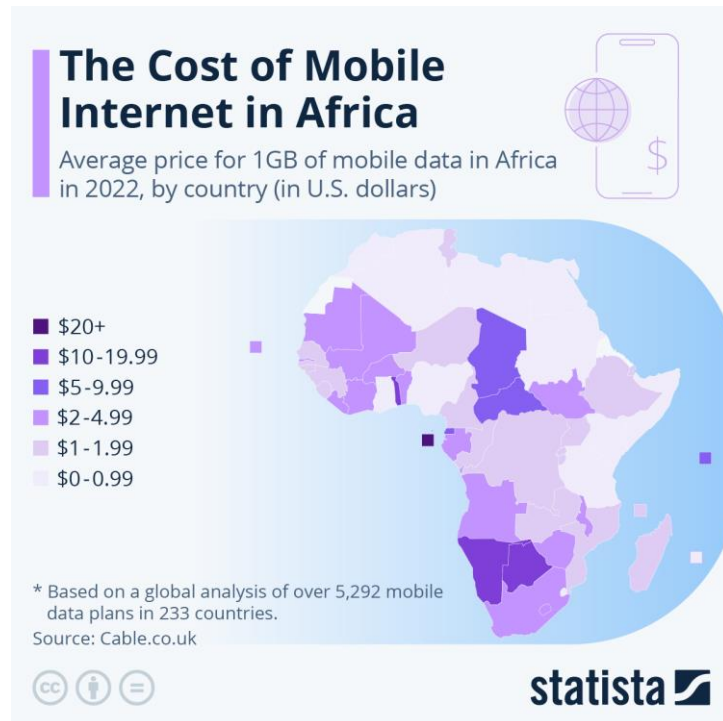


Key Challenges to Deepening Digitalization

1. High cost of Internet Data
2. Low number of smart devices
3. Low digital literacy
4. Limited coverage
5. Lack of local content
6. Lack of digitally monetized services
7. High cost of .mw Domain Name

Challenges to Deepening Digitalization

High cost of data



Duopoly in the GSM market (MNOs) – dominated by Airtel & TNM

Limited options

Excise tax on Data and Airtime

Little oversight by the Regulator on the IP supply chain

Supply restrained to fiber links through neighboring countries (landlocked ness)

Challenges to Deepening Digitalization

High cost of smart device ownership



Low smart device subscription
(3.6mn smart devices against 12mn
subscriptions)

Low access to energy (11% of the
population)

Limited access to credit financing
options

Taxes make up 60% cost of the
landed cost

Challenges to Deepening Digitalization

Low Digital Literacy



Mobile wallet fraud risk

Digital divide widening (COVID-19 and Cyclones)

Public schools lagging behind

Poor infrastructure to support rural digitalization

Challenges to Deepening Digitalization

Local content and services



Digital Government services unavailable online

Diminishing local television market

Consumption-based social media usage

Non-monetization of content created in Malawi

Digital payment systems restricted to exclusive ecosystems

Key Government of Malawi Initiatives in Motion...

1. Diplomatic Data Corridors
2. IXPs set up for Lilongwe (Central) and Mzuzu (Northern)
3. Nacala-Liwonde Fibre Optic Cable
4. Smart Africa Bulk Capacity Project
5. Community Broadband operators

1. Diplomatic Data Corridors (DDC)

- DDC aims to address the high cost of data from the upstream/wholesale transiting into Malawi.
- State-to-state negotiated terms of IP transit costs, specifically between border countries with Malawi;
- Tanzania, Mozambique, Zambia, and through Namibia, Botswana, and South Africa
- IP transit to be carried over through ESCOM fiber and made available to all operators at a cheaper rate.

Diplomatic Data Corridors (DDC) Cont'd

Status of the DDC initiative

- Finalized Government-to-government engagements with Tanzania, Mozambique, and Zambia.
- Signed 2 MoUs with Tanzania and Zambia as of September 2023.
- Signed bilateral Commercial Agreements between ESCOM of Malawi, TTCL of Tanzania, and FibreCom of Zambia.

2. Establishment of IXPs in Lilongwe and Mzuzu

- Malawi has only one IXP in Blantyre (Southern region)
- MACRA is processing the procurement of equipment for MISPA for the implementation of Lilongwe and Mzuzu IXPs;
- To allow operators to host the Lilongwe IXP;

3. Nacala-Liwonde Fibre Optic Cable

- Potential to tap capacity from 2Africa cable (led by Meta) that will be landing in Nacala Port
- A railway line exists connecting Nacala port to Nayuchi
- GoM to partner with interested stakeholders in setting up this fiber cable (through a PPP arrangement)
- GoM, through MACRA, recently issued an Expression of Interest (EOI) for potential partners/investors.
- Target: June 2026 in line with Malawi 2063 target
- Estimated cost: \$18m

4. Smart Africa Bulk Capacity Initiative

- Malawi recently joined Smart Africa as member number 33
- The State President attended the Smart Africa Annual General Meeting in Victoria Falls in April 2023.
- Immediately, Malawi is engaging Smart Africa on the following:
 - Bulk Capacity Purchase
 - Start up Laws
 - Smart device assembly assembly
 - Model Laws (cybercrime, Digital Identity)
- The Bulk Capacity project will aim to assist Malawi in getting cheaper capacity through the Smart Africa initiative

6. Community Broadband Operators

- MACRA to license district-based broadband operators, localized as *Yathu-Yathu Data*
- These will utilize the Starlink and ESCOM backhails
- Initiative implemented through USF, designated areas of service to be provided to each licensee as mandatory coverage areas
- These include, not limited to, per District:
 - Schools (4 per District)
 - Clinics (2 per District)
 - Post Offices (1 per District)
 - Government offices (2 Per District)
- The business model adopts a cooperative approach per district.
- MACRA through USF to become an anchor tenant

Opportunities & Conclusion

- Recent adoption and approval of the National Digitalization Policy by Cabinet.
- Signing of DDCs MoUs and Commercial Agreements.
- There has been a significant improvement on #DataMustFall from both operators and MACRA
- Engagement with GoM on taxes and tariff reduction is an ongoing matter
- GoM through MoID & MACRA pursuing Malawi 2063 initiatives

2027 Targets:

- Cost of Data to be around \$.2.30
- Increase smart device population from 3mn to 6mn
- Increase penetration of Internet from 46% to 75%
- Move the mobile index rating from 34, as of Oct 2023 to 60 by July 2027.
- Digital economy to contribute 10% to the GDP

Thank you

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